

Public Law 863 - 84th Congress  
Chapter 814 - 2d Session  
S. 3897

AN ACT

To improve governmental budgeting and accounting methods and procedures,  
and for other purposes.

*Be it enacted by the Senate and House of Representatives of the  
United States of America in Congress assembled,*

Government budget  
and accounting  
procedure.

AMENDMENTS TO THE BUDGET AND ACCOUNTING ACT, 1921

SEC. 1. (a) Section 201 of the Budget and Accounting Act, 1921,  
as amended (31 U. S. C. 11), is further amended by inserting "(a)" 64 Stat. 832.  
after the words "Sec. 201."; by changing subsection (a) to subpara-  
graph (1); by adding after subparagraph (1) a new subparagraph  
"(2) at such times as may be practicable, information on program  
costs and accomplishments"; by changing subsections (b) through  
(j) to subparagraphs (3) through (11), respectively.

(b) Section 216 of such Act, as amended (31 U. S. C. 24), is further 64 Stat. 834.  
amended by inserting "(a)" after the words "Sec. 216." and by adding  
the following new subsections:

"(b) The requests of the departments and establishments for appro- Cost-based  
priations shall, in such manner and at such times as may be determined budgets.  
by the President, be developed from cost-based budgets.

"(c) For purposes of administration and operation, such cost-based  
budgets shall be used by all departments and establishments and their  
subordinate units. Administrative subdivisions of appropriations or  
funds shall be made on the basis of such cost-based budgets."

AMENDMENTS TO THE BUDGET AND ACCOUNTING PROCEDURES ACT OF 1950

SEC. 2. (a) The Budget and Accounting Procedures Act of 1950 is  
amended by inserting after section 105 thereof the following new 64 Stat. 834.  
section: 31 USC 847.

"ACCOUNTING AND BUDGET CLASSIFICATIONS

"SEC. 106. The head of each executive agency shall, in consultation  
with the Director of the Bureau of the Budget, take whatever action  
may be necessary to achieve, insofar as is possible, (1) consistency in  
accounting and budget classifications, (2) synchronization between  
accounting and budget classifications and organizational structure,  
and (3) support of the budget justifications by information on  
performance and program costs by organizational units."

(b) Section 113 of such Act (31 U. S. C. 66a) is amended by adding 64 Stat. 836.  
at the end thereof the following new subsection: 70 Stat. 782.

"(c) As soon as practicable after the date of enactment of this sub- 70 Stat. 783.  
section, the head of each executive agency shall, in accordance with  
principles and standards prescribed by the Comptroller General,  
cause the accounts of such agency to be maintained on an accrual  
basis to show the resources, liabilities, and costs of operations of such  
agency with a view to facilitating the preparation of cost-based budgets  
as required by section 216 of the Budget and Accounting Act, 1921,  
as amended. The accounting system required by this subsection shall  
include adequate monetary property accounting records as an integral  
part of the system."

(c) Section 118 of such Act is amended by inserting "113 (c)" after 64 Stat. 837.  
the words "section 111". 31 USC 65a.

Pub. Law 863  
All 70 Stat. 783.

-2-

SIMPLIFICATION OF SYSTEM FOR SUBDIVIDING FUNDS

SEC. 3. Section 3679 (g), Revised Statutes, as amended (31 U. S. C. 665 (g)), is further amended by adding at the end thereof the following sentence: "In order to have a simplified system for the administrative subdivision of appropriations or funds, each agency shall work toward the objective of financing each operating unit, at the highest practical level, from not more than one administrative subdivision for each appropriation or fund affecting such unit."

Approved August 1, 1956.